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June 29, 2006

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PUBLIC SERVICE
COMMISSION

Ms. Beth O'Donnell
Executive Director, Public Service Commission
PO Box 615 / 211 Sower Blvd.
Frankfort, KY 42602

RE: Case # Gas Cost Adjustment Report

Case No. 2006-00338

Dear Ms. O'Donnell:

The following document is Millennium Energy's Gas Cost Adjustment Report for quarter, August 1, 2006 through October 31, 2006.

Sincerely,

A handwritten signature in black ink, appearing to read "Gary K. Dillard", is written over the word "Sincerely,".

Gary K. Dillard
Executive Vice President

QUARTERLY REPORT OF GAS COST
RECOVERY RATE CALCULATION

Date Filed: July 1, 2006

Date Rates to be Effective: August 1, 2006 to October 31, 2006

Reporting Period is Calendar Quarter Ended:

SCHEDULE I
GAS COST RECOVERY RATE SUMMARY

<u>Component</u>	<u>Unit</u>	<u>Amount</u>
Expected Gas Cost (EGC)	\$/Mcf	\$ 7.4346
+ Refund Adjustment (RA)	\$/Mcf	-
+ Actual Adjustment (AA)	\$/Mcf	3.1592
+ Balance Adjustment (BA)	\$/Mcf	<u>(0.1055)</u>
= Gas Cost Recovery Rate (GCR)	\$/Mcf	\$ 10.4883

GCR to be effective for service rendered from 08/1/06 to 10/31/06.

A. <u>EXPECTED GAS COST CALCULATION</u>	<u>Unit</u>	<u>Amount</u>
Total Expected Gas Cost (Schedule II)	\$	64,089.89
+ Sales for the 12 months ended 4/30/2006	Mcf	<u>8,620.51</u>
- Expected Gas Cost (EGC)	\$/Mcf	7.4346
B. <u>REFUND ADJUSTMENT CALCULATION</u>	<u>Unit</u>	<u>Amount</u>
Supplier Refund Adjustment for Reporting Period (Sch. III)	\$/Mcf	\$ -
+ Previous Quarter Supplier Refund Adjustment	\$/Mcf	\$ -
+ Second Previous Quarter Supplier Refund Adjustment	\$/Mcf	\$ -
+ Third Previous Quarter Supplier Refund Adjustment	\$/Mcf	<u>\$ -</u>
= Refund Adjustment (RA)	\$/Mcf	\$ -
C. <u>ACTUAL ADJUSTMENT CALCULATION</u>	<u>Unit</u>	<u>Amount</u>
Actual Adjustment for the Reporting Period (Schedule IV)	\$/Mcf	\$ 0.3195
+ Previous Quarter Reported Actual Adjustment	\$/Mcf	\$ 2.3813
+ Second Previous Quarter Reported Actual Adjustment	\$/Mcf	\$ 0.6751
+ Third Previous Quarter Reported Actual Adjustment	\$/Mcf	<u>\$ (0.2167)</u>
= Actual Adjustment (AA)	\$/Mcf	\$ 3.1592
D. <u>BALANCE ADJUSTMENT CALCULATION</u>	<u>Unit</u>	<u>Amount</u>
Balance Adjustment for the Reporting Period (Schedule V)	\$/Mcf	\$ (0.0786)
+ Previous Quarter Reported Balance Adjustment	\$/Mcf	\$ (0.0067)
+ Second Previous Quarter Reported Balance Adjustment	\$/Mcf	\$ (0.0052)
+ Third Previous Quarter Reported Balance Adjustment	\$/Mcf	<u>\$ (0.0150)</u>
= Balance Adjustment (BA)	\$/Mcf	\$ (0.1055)

SCHEDULE II
EXPECTED GAS COST

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Actual* Mcf Purchase for 12 months ended

04/30/06

(1)	(2)	(3)	(4)	(5)	(6)
<u>Supplier</u>	<u>Dth</u>	<u>Heat Rate</u>	<u>Mcf</u>	<u>Rate</u>	<u>(4) x (5) Cost</u>
May-05 Atmos Energy Marketing	268.00	1.034	259.19	6.860	1,778.04
Jun-05 Atmos Energy Marketing	612.96	1.034	592.80	6.860	4,066.61
Jul-05 Atmos Energy Marketing	602.33	1.034	582.52	6.860	3,996.09
Aug-05 Atmos Energy Marketing	365.40	1.034	353.38	6.860	2,424.19
Sep-05 Atmos Energy Marketing	863.54	1.034	835.15	6.860	5,729.13
Oct-05 Atmos Energy Marketing	821.40	1.034	794.39	6.860	5,449.52
Nov-05 Atmos Energy Marketing	1,368.93	1.034	1,323.92	6.860	9,082.09
Dec-05 Atmos Energy Marketing	1,178.22	1.034	1,139.48	6.860	7,816.83
Jan-06 Atmos Energy Marketing	1,240.35	1.034	1,199.56	6.860	8,228.98
Feb-06 Atmos Energy Marketing	1,452.39	1.034	1,404.63	6.860	9,635.76
Mar-06 Atmos Energy Marketing	391.18	1.034	378.32	6.860	2,595.28
Apr-06 Atmos Energy Marketing	495.50	1.034	479.21	6.860	3,287.38
Totals	9,660.20	1.034	9,342.55	6.860	64,089.89

Line losses are 7.73% for 12 months ended 4/30/2006 based on purchases of 9,342.55 Mcf and sales of 8,621 Mcf.

	<u>Unit</u>	<u>Amount</u>
Total Expected Cost of Purchases (6) (to Schedule IA.)	\$	\$ 64,089.89
Expected Mcf Purchases (4)	Mcf	<u>9,342.55</u>
= Average Expected Cost Per Mcf Purchased	\$/Mcf	\$ 6.860
Plus: Expected Losses of (not to exceed 5%)	(D26/0.95) Mcf	<u>9,342.55</u>
= Total Expected Gas Cost	\$	\$ 64,089.89

Allowable Sales (maximum losses of 5%). \$64,089.89

*Or adjusted pursuant to Gas Cost Adjustment Clause and explained herein.

**Supplier's tariff sheets or notices are attached.

SCHEDULE III
SUPPLIER REFUND ADJUSTMENT

Details for the 3 months ended 4/30/2006

<u>Particulars</u>	<u>Unit</u>	<u>Amount</u>
Total supplier refunds received	\$	\$ -
+ Interest	\$	\$ -
<hr/>		
= Refund Adjustment including interest	\$	\$ -
+ Sales for 12 months ended <u>4/30/2006</u>	Mcf	<u>8,621</u>
<hr/>		
=Supplier Refund Adjustment for the Reporting Period (to Schedule IB.)	\$/Mcf	\$ -

SCHEDULE IV
ACTUAL ADJUSTMENT

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For the 3 month period ended 4/30/2006

<u>Particulars</u>	<u>Unit</u>	Month 1 <u>Feb-06</u>	Month 2 <u>Mar-06</u>	Month 3 <u>Apr-06</u>
Total Supply Volumes Purchased	Mcf	1,404.63	378.32	479.21
Total Cost of Volumes Purchased	\$	\$ 18,419.40	\$ 3,717.87	\$ 4,797.04
Total Sales (may not be less than 95% of supply volumes) (G8*0.95)	Mcf	<u>\$ 1,334.40</u>	<u>\$ 359.40</u>	<u>\$ 479.21</u>
= Unit Cost of Gas	\$/Mcf	\$ 13.8035	\$ 10.3445	\$ 10.0103
- EGC in effect for month	\$/Mcf	<u>\$ 11.0000</u>	<u>\$ 11.0000</u>	<u>\$ 11.0000</u>
= Difference [(Over-)/Under-Recovery]	\$/Mcf	\$ 2.8035	\$ (0.6555)	\$ (0.9897)
x Actual sales during month	Mcf	<u>1233.60</u>	<u>138.54</u>	<u>619.80</u>
= Monthly cost difference	\$	3,458.43	(90.81)	(613.41)

Total cost difference (Month 1 + Month 2 + Month 3)	<u>Unit</u> \$	<u>Amount</u> \$ 2,754.21
+ Sales for 12 months ended <u>4/30/2006</u>	Mcf	<u>8,621</u>
= Actual Adjustment for the Reporting Period (to Schedule IC.)	\$/Mcf	\$ 0.3195

SCHEDULE V
BALANCE ADJUSTMENT

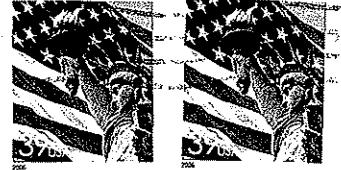
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For the 3 month period ended 4/30/2006

Line	Particulars	Unit	Amount
1	(1) Total cost difference from actual adjustment used to compute AA of the GCR effective four quarters prior to the effective date of the currently effective GCR.	\$	<u>(4,439.78)</u> Case No. 2005-00126
2	Less: Dollars amount resulting from the AA of <u>(0.4364)</u> \$/MCF as used to compute the GCR in effect four quarters prior to the effective date of the currently effective GCR times the sales of 8,621 MCF during the 12 month period the AA was in effect.		
3		\$	<u>(3,761.99)</u>
4	Equals: Balance Adjustment for the AA.	\$	<u>(677.79)</u>
5	(3) Total Supplier Refund Adjustment including interest used to compute RA of the GCR effective four quarters prior to the effective date of the currently effective GCR.	\$	<u>-</u>
6	Less: Dollar amount resulting from the RA of <u>-</u> \$/MCF as used to compute the OCR in effect four quarters prior to the effective GCR times the sales of 8,621 MCF during the 12 month period the RA was in effect.		
7		\$	<u>-</u>
8	Equals: Balance Adjustment for the RA.	\$	<u>-</u>
9	(3) Total Balance Adjustment used to compute RA of the GCR effective four quarters prior to the effective date of the currently effective GCR.	\$	<u>-</u>
10	Less: Dollar amount resulting from the BA of <u>-</u> \$/MCF four quarters prior to the effective date of the currently effective GCR times the sales of 8,621 MCF during the 12 month period the BA was in effect.		
11		\$	<u>-</u>
12	Equals: Balance Adjustment for the BA.	\$	<u>-</u>
13	Total Balance Adjustment Amount (1) + (2) + (3)	\$	<u>-677.79</u>
14	Divided By: Sales for 12 months ended 4/30/2006	\$	<u>8,621</u>
15	Equals: Balance Adjustment for the Reporting Period (to Schedule ID).	\$/MCF	<u>(0.0786)</u>



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Franklin, KY 42134



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